

October 19, 2016

**Los Angeles County  
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**TO:** Each Supervisor

**THRU:** Mitchell H. Katz, M.D.

**FROM:** Christina R. Ghaly, M.D.

**SUBJECT: STATUS REPORT ON THE PUBLIC HOSPITAL REDESIGN AND  
INCENTIVES IN MEDI-CAL (PRIME) PROGRAM IN THE MEDI-CAL 2020  
WAIVER**



**Mitchell H. Katz, M.D.**  
Director

**Hal F. Yee, Jr., M.D., Ph.D.**  
Chief Medical Officer

**Christina R. Ghaly, M.D.**  
Chief Operations Officer

I am pleased to inform you that on September 30, 2016, the Department of Health Services (DHS) submitted its annual report for the first Public Hospital Redesign and Incentives in Medi-Cal (PRIME) demonstration year, which ended June 30, 2016.

PRIME is a portion of California's recently renewed Section 1115 Medi-Cal Waiver, known as "Medi-Cal 2020". PRIME, this waiver's successor to the previous Delivery System Reform Incentive Pool (DSRIP), directs public health care systems to use evidence-based quality improvement methods to achieve ambitious year-over-year performance targets. All federal funding for this program is contingent on meeting these targets. In comparison to the previous DSRIP which placed emphasis on both process and outcome measures, PRIME is focused virtually entirely on clinical outcomes measures, relying on nationally vetted, well-validated metrics where they exist.

PRIME is categorized into three domains:

- 1) Outpatient Delivery System Transformation and Prevention
- 2) Targeted High Risk or High Cost Populations
- 3) Resource Utilization Efficiency

Within these three domains, DHS selected 13 projects - with a total of 74 measures - to be a part of its five-year PRIME plan. In each PRIME year, each measure is designated as either "Pay for Reporting" or "Pay for Performance". For this first PRIME year, there were no "Pay for Performance" measures; all measures were "Pay for Reporting."

Results reported to the State and CMS in this first PRIME year will serve as the baseline for subsequent years' performance improvement efforts. Our first year-end PRIME report submitted on September 30<sup>th</sup> is anticipated to earn DHS 100% of the designated program dollars, valued at approximately \$220m in federal funds. Payments in future years will be dependent on reporting data on new, innovative measures (where nationally vetted metrics are lacking) or meeting/exceeding pre-defined performance improvement targets on Pay for Performance measures.

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health care to Los Angeles County  
residents through direct services at  
DHS facilities and through  
collaboration with community and  
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DHS has identified clinical leaders from across the system to take the lead on specific PRIME measures, working with colleagues at facilities across DHS to be sure that we make the necessary improvements in reported data as required for payment under PRIME. We look forward to providing you with regular updates in the future as the PRIME program continues.

If you have any questions, please don't hesitate to contact me or Paul Giboney, MD, Director of Specialty Care and PRIME, at 213-240-7787.

MHK:CRG:crg

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors